

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 FEA-01 HEW-02 HUD-01 DOTE-00 AGR-05 INT-05

OES-03 ACDA-05 /100 W
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R 111250Z FEB 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5556

C O N F I D E N T I A L TEHRAN 1446

E.O. 11652: GDS

TAGS: EFIN ECON, IR

SUBJ: BUDGET PRESENTATIONS-SUPPLEMENTARY COMMENT
AND CORRIGENDA

REF: TEHRAN 1288

1. FURTHER EXAMINATION OF IRANIAN BUDGET DOCUMENT SUBSEQUENT TO PREPARATION OF REFTEL REVEALS A TENDENCY TOWARD UNORTHODOX DESIGNATIONS OF EXPENDITURES AND TO PROVIDEING GREAT DETAIL OF NONCONTROVERSIAL AND USUALLY LOWER-VALUE ITEMS AND LITTLE OR NO DETAIL OF SOME LARGE BASKET ITEMS. THUS, EMBASSY SUGGESTS CAUTION IN USE OF GOI BUDGETARY FIGURES SINCE THE NUMBERS DO NOT SPEAK FOR THEMSELVES.FOR EXAMPLE, PROPOSE YEAR 1355(BEGINS MARCH 21,1976) EXPENDITURES FOR MINISTRY OF HOUSING AND URBAN DEVELOPMENT TOTALT 169.7 BILLION RIALS(\$2.45 BILLION) WHICH IS 35.3 PERCENT ABOVE THE REVISED 1354 FIGURE. ON THE SURFACE THIS WOULD BODE WILL FOR HOUSING. YET 116.63 BILLION RIALS (/ \$1.7 BILLION), 69 PERCENT OF TOTAL MINISTRY BUDGET, IS DESIGNATED NOT FOR HOUSING, BUT "CONSTRUCTION OF OTHER GOVERNMENT BUILDINGS." NO DETAIL IS PROVIDED, AND IT MAY BE THAT MUCH OF THIS IS FOR DEFENSE FACILITIES FINCE MILITARY CONSTRUCTION IS USUALLY
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DISGUISED UNDER NON-MILITARY EXPENDITURES. AGGREGATE OF THE

BALANCE WHICH BY DEFINITION RELATES TO HOUSING(CONSTRUCTION OF HOUSING FOR EMPLOYEES, CREDKTS FOR HOUSING AND LOW-COST HOUSING) IS 20 PERCENT LESS IN PROPOSED 1355 BUDGET THAN IN REVISED 1354. (IT IS THEREFORE DIFFICULT TO RECONCILE THE FOREGIOIN WITH PRIME MINISTER HOVEYDA'S REPORTED STATEMENT THAT "TOP PROIRITY HAS BEEN ACCORDED..TO ELIMINATING THE HOUSING SHORTAGE..."

2. CORRIGENDA: PLEASE NOTE FOLLOWING CORRECTIONS OF FIGURES RPROVIDED IN REFTEL:

A. PAR 1, SECOND SENTENCE, SHOULD READ \$2097 MILLION, NOT BILLION.

B. PAR 2, LAST SENTENCE, DEVALUATION WAS 3.8 NOT 3.4 PERCENT.

C. PAR 5 B) 1). DEVELOPMENT EXPENDITURE IS 10133, NOT 10113; FOREIGN INVIESTMENT, CREDIT AND GRANTS IS 1,518, NOT 518.

D. PAR 6. LAST SENTENCE SHOULD READ \$194 MILLION.
HELMS

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NNN

Message Attributes

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